

**AGREEMENT
BETWEEN
LAKE COUNTY, FLORIDA
AND
ARTHUR J. GALLAGHER RISK MANAGEMENT SERVICES, INC.
FOR
BROKER FOR RISK MANAGEMENT SERVICES**

RFP 09-0031

THIS AGREEMENT, made and entered into by and between Lake County, Florida, a political subdivision of the State of Florida, hereinafter referred to as the Client, and Arthur J. Gallagher Risk Management Services, Inc., an Illinois corporation authorized to do business in the State of Florida, hereinafter referred to as the Broker.

WITNESSETH:

WHEREAS, the Client desires to engage the services of Broker to provide risk insurance services during the term of this Agreement;

WHEREAS, Broker is qualified and desires to provide the aforementioned services on behalf of the Client in accordance with this Agreement; and

NOW, THEREFORE, for and in consideration of the mutual covenants contained herein, the parties hereto do mutually agree as follows:

1. Recitals. The foregoing recitals are true and correct and incorporated herein by reference.

2. Term. This Agreement shall be effective **October 1, 2009** and shall continue through **September 30, 2012**, unless terminated as set forth herein. This Agreement may be renewed for up to two (2) successive one-year renewals with a maximum rate increase of no more than four percent (4%) per year.

3. Scope of Services. On the terms and conditions set forth in this Agreement, the Client hereby engages the Broker to perform the services more specifically detailed in **Exhibit A**, Scope of Services, attached hereto and incorporated herein by reference.

4. Broker Fees. The Broker shall receive consideration in accordance with **Exhibit B**, attached hereto and incorporated herein by reference. For the first year of this Agreement, Broker Fees shall not exceed an \$80,000.00 lump sum annual payment to be paid on or after October 1, 2009; provided, however, that the Client shall have the option of paying the Broker Fees indirectly by remitting payment to the insurance carriers identified in **Exhibit B**, in the form of a maximum of eight percent (8%) of the premium charged by the carriers, if such option is more cost effective to the Client.

For years two and three of this Agreement, the Client shall have the option of direct payment at a four percent (4%) increase per year, to wit:

October 1, 2010-September 30, 2011	\$83,200.00
October 1, 2011-September 30, 2012	\$86,528.00

or the indirect payment capped at the eight percent (8%) of the premium charged by the insurance carriers, whichever is more cost effective to the Client. The Broker will present the insurance carriers' premiums to the Client prior to the start of each fiscal year so that the Client may evaluate which option is most cost effective. There shall be no annual increase, including renewals of this Agreement, in the indirect percentage rate set forth above.

If the Client elects to compensate Broker based on the above-described fee structure (in lieu of a maximum commission structure), and in the event that an insurance policy selected by the Client cannot be written without commission, or if removing such commission to Broker results in no reduction in the Client's cost, then Broker may earn the commission for that particular policy, if approved in advance by the Client, separately and in addition to, the fee paid to Broker by the Client. Broker agrees to disclose to the Client all commissions payable to Broker by all insurers proposing coverage. The Broker has been approved to receive a commission on the following policies:

- Storage Tank

Invoices shall be submitted to the Department of Employee Services at P.O. Box 7800, Tavares, Florida 32778. Invoices shall be paid in accordance with Chapter 218, Part VII, Florida Statutes, known as the Florida Prompt Payment Act.

5. Insurance. Broker shall provide general liability insurance on forms no more restrictive than the latest edition of the Commercial General Liability policy (CG 00 01) of the Insurance Services Office or equivalent without restrictive endorsements, with the following minimum limits and coverage:

Each Occurrence/General Aggregate	\$1,000,000/\$2,000,000
Products-Completed Operations	\$2,000,000
Personal & Adv. Injury	\$1,000,000
Fire Damage	\$50,000
Medical Expense	\$5,000
Contractual Liability	Included

Automobile liability insurance, including owned, non-owned, and hired autos with the following minimum limits and coverage:

Combined Single Limit	\$1,000,000
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Workers' compensation insurance based on proper reporting of classification codes and payroll amounts in accordance with Chapter 440, Florida Statutes, and/or any other applicable law requiring workers' compensation (Federal, maritime, etc). If not required by law to maintain

workers compensation insurance, Broker must provide a notarized statement that if an injury occurs they will not hold the Client responsible for any payment or compensation.

Employer's Liability insurance with the following minimum limits and coverages:

Each Accident	\$1,000,000
Disease-Each Employee	\$1,000,000
Disease-Policy Limit	\$1,000,000

Professional liability and/or specialty insurance (medical malpractice, engineers, architect, consultant, environmental, pollution, errors and omissions, etc.) as applicable, with minimum limits of \$1,000,000 and annual aggregate of \$2,000,000.

Lake County, a Political Subdivision of the State of Florida, and the Board of County Commissioners, shall be named as additional insureds as their interest may appear on the general liability policy.

Certificate(s) of insurance shall provide for a minimum of thirty (30) days prior written notice to the Client of any change or cancellation of the required insurance.

Certificate(s) of insurance shall identify the contract number in the Description of Operations section of the Certificate.

Certificate holder shall be:

LAKE COUNTY, A POLITICAL SUBDIVISION OF THE STATE OF FLORIDA, AND THE
BOARD OF COUNTY COMMISSIONERS.
P.O. BOX 7800
TAVARES, FL 32778-7800

Broker shall be responsible for subcontractors, if any, and their insurance.

All deductibles or self-insured retention shall appear on the certificate(s).

All insurance companies must be authorized to transact business in the State of Florida.

The Client shall be exempt from, and in no way liable for, any sums of money, which may represent a deductible in any insurance policy. The payment of such deductible shall be the sole responsibility of Broker.

Failure to obtain and maintain such insurance as set out above will be considered a breach of contract and may result in termination of the contract for default.

Neither approval by the Client of any insurance supplied by Broker, nor a failure to disapprove that insurance, shall relieve Broker of full responsibility of liability, damages, and accidents as set forth herein.

6. Default. The failure of either party to comply with any provision of this Agreement will place that party in default. Prior to terminating the Agreement, the non-defaulting party will notify the defaulting party in writing. This notification will make specific reference to the provision(s) the defaulting party failed to comply with, the exact nature of the default, and the action that needs to occur to correct the default. The non-defaulting party will give the defaulting party a minimum of twenty (20) business days to correct the default. The County Manager or designee shall be authorized to provide the written notice described herein on behalf of the Client. If the default is not corrected within the allotted time, the non-defaulting party shall be permitted to terminate this Agreement, effective upon the receipt by the defaulting party of a written termination notice.

7. Termination.

A. This Agreement may be terminated by the Client for convenience upon thirty (30) calendar days advance written notice to the other party; but if any work or service/Task hereunder is in progress but not completed as of the date of termination, then this Agreement may be extended upon written approval of the Client until said work or service(s)/Task(s) is completed and accepted. In the event this Agreement is terminated or cancelled upon the request and for the convenience of Client with the required thirty (30) day advance written notice, Client shall reimburse Broker for actual work satisfactorily completed.

B. The Client reserves the right to terminate this Agreement, in part or in whole, or place the Broker on probation in the event the Broker fails to perform in accordance with the terms and conditions stated herein. The Client further reserves the right to suspend or debar the Broker in accordance with the appropriate County ordinances, resolutions or other administrative orders. Termination costs, if any, shall not apply. The thirty (30) day advance notice requirement is waived in the event of termination for cause.

C. If either party files a petition for bankruptcy or a petition or answer seeking reorganization, becomes or is insolvent or bankrupt, has a receiver appointed for its benefit, admits in writing its inability to pay its debts as they mature, or makes an assignment for the benefit of creditors, the other party may immediately terminate this Agreement

D. When funds are not appropriated or otherwise made available to support continuation of performance in a subsequent fiscal year, this Agreement shall be cancelled and the Broker shall be reimbursed for the reasonable value of any non-recurring costs incurred but not amortized in the price of the supplies or services/Tasks delivered under this Agreement. The Broker shall be given ten (10) business days notice of cancellation due to unavailability of funds.

8. Notices. Whenever written notice is required under the terms of this Agreement, it shall be delivered either in person or by registered mail to the appropriate party. Notice by registered mail shall be addressed as follows:

BROKER

Arthur J. Gallagher Risk Mgmt Svc Inc.
8200 NW 41 Street, Ste. 200
Miami, Florida 33166
ATTN: Craig Fainstein, Area Asst. V.P.

CLIENT

Lake County BOCC
315 W. Main Street
Tavares, FL 32778
ATTN: Director, Employee Services

9. Non-Assignment. The provisions of this Agreement supersede any prior Agreements or understandings to the contrary. No party hereto shall have the right to assign this agreement without the written consent of the other party. The Broker shall not assign this Agreement or any responsibilities pursuant to said Agreement without the express consent of the Client.

10. Non-Transfer of Powers. Nothing contained in this Agreement shall be construed to constitute a Transfer of Powers in any way whatsoever. This Agreement is solely an Agreement for provision of services.

11. Severability. Should any provision of this Agreement be declared invalid by a Court of competent jurisdiction, same shall be deemed stricken herefrom and all other terms and conditions of this Agreement shall continue in full force and effect as if the invalid provision had never been made a part hereof.

12. Non-Waiver. No delay by either party in enforcing any covenant or right hereunder shall be deemed a waiver of such covenant or right, and no waiver of any particular provision hereof shall be deemed as waiver of any other provision or a continuing waiver of such particular provision, and except as so expressly waived, all provisions hereof shall continue in full force and effect.

13. Entire Agreement. This Agreement constitutes the entire understanding of the parties with respect to provision of services. It may not be modified nor any of its provisions waived unless such modification and/or waiver is in writing and is agreed to and signed by both parties.

14. Third Party Beneficiaries. There are no third party beneficiaries of this Agreement, either intended or implied.

15. Right to Audit. The Client reserves the right to require Broker to submit to an audit by an auditor of the Client's choosing. Broker shall provide access to all of its records, which relate directly or indirectly to this Agreement at its place of business during regular business hours. Broker shall retain all records pertaining to this Agreement and upon request make them available to the Client for three (3) years following expiration of the Agreement. Broker agrees to provide such assistance as may be necessary to facilitate the review or audit by the Client to ensure compliance with applicable accounting and financial standards.

16. Public Entity Crimes. A person or affiliate who has been placed on the convicted vendor list following a conviction of a public entity crime may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity in excess of the threshold amount provided in Florida Statutes, section 287.017, for Category Two for a period of thirty-six (36) months from the date of being placed on the convicted vendor list. Broker certifies that it is not now on the convicted vendor list, and acknowledges that if Broker is later placed on such list, the Client shall have the option to terminate this Agreement.

17. This Agreement contains the following Exhibits:

Exhibit A	Scope of Services
Exhibit B	Fees
Exhibit C	Disclosures

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement on the respective dates under each signature: COUNTY through its Board of County Commissioners, signing by and through its Chairman, authorized to execute same by Board Action on the 18 day of August, 2009 and by Broker through its duly authorized representative.

BROKER

Print Name: E. VAN DER VOORT

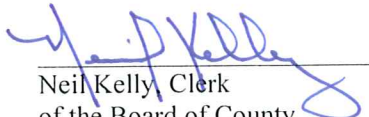
Title: Area Chairman

This 12th day of AUGUST, 2009


COUNTY

ATTEST:

LAKE COUNTY, through its
BOARD OF COUNTY COMMISSIONERS




Neil Kelly, Clerk
of the Board of County
Commissioners of Lake
County, Florida



Welton G. Cadwell
Chairman
This 24th day of Aug., 2009

Approved as to form and legality:



Sanford A. Minkoff
County Attorney

EXHIBIT A: Scope of Services

Services provided by the Broker shall include, but are not limited to:

1. Issue and deliver valid, timely, and cost effective binders for insurance policies purchased by the County. Assure that insurance policies being purchased will be delivered in accordance with the proposal(s) that were negotiated and/or accepted by the County. Assure that the policies issued reflect no lesser policy terms, conditions, coverage amounts and options than were accepted by the County, and correct policy deficiencies as soon as practicable, upon discovery.
2. Prepare an easy to read chart of the County's insurance program including limits, pricing and coverages by layer.
3. Coordinate with the County to assure that up-to-date exposure data is incorporated into the issuance of newly purchased policies.
4. Promptly and accurately process insurance policy endorsements and other change requests as needed.
5. Coordinate loss control/safety services desired by the County that are available from the insurers whose policies were purchased through the Broker.
6. Assist the County in filing claims with insurers from whom the County has purchased policies through the Broker to the extent that such coverages are outside the scope of the County's contract with its third party administrator, or when unusual circumstances require it.
7. Broker will participate in an annual, and bi-annual if needed, claims meeting with the County and other relevant parties, e.g., third-party administrator staff, legal counsel, etc. The County will not pay any additional costs/fees for the Broker's participation in the annual/bi-annual claims meetings (face-to-face or conference calls).
8. Issue Certificates of Insurance (COI) as may be required by the County.
9. Monitor and notify the County of major developments regarding the insurance industry or the County's insurers or policies that may affect the County.
10. Respond to coverage or other insurance policy questions as may be presented by the County.
11. At least annually, review with the County staff the premium/claims history of the County for the policies purchased.

12. Coordinate with the County approximately 3 to 4 months prior to renewals on giving estimates of renewal changes in premium, coverage, policy terms, etc. and in collecting needed renewal rating and background information.
13. Endeavor to present renewal pricing and policy changes 45 days prior to renewal.
14. If permitted by the County, market coverages and other insures, and deliver to the County a listing of all companies contacted, detailed spreadsheets of all proposals received and all rejection letters.
15. Fully disclose insurance policy premiums and commissions and other remuneration received for the sale of such policies.
16. Permit the County, or assigned, to conduct an audit of all remuneration/revenues attributable to the County's account and to fully cooperate with persons designated by the County to perform such audit.
17. Analyze the County's exposures yearly and as needed.
18. Annually provide assessments of current conditions in the insurance markets.
19. Analyze proposals and quotes received from various insurance companies to ensure that the highest level of coverage is obtained and negotiate with insurers to obtain the best prices, terms and conditions possible.
20. Coordinate notice of claims and/or losses with carriers, to the extent that such claims and/or losses represent coverages that are outside the scope of the County's contract with its third party administrator, or when unusual circumstances require it, and act as a facilitator during the claims process.
21. Report any claims to the insurance carrier to the extent that such claims represent coverages that are outside the scope of the County's contract with its third party administrator, or when unusual circumstances require it, and monitor the handling and disposition of the claim to assure the County's policy rights are protected.
22. Provide an annual report summarizing all insurance coverage in place, anticipated market conditions, recommendations and strategies.
23. Assist in the preparation of documents and exhibits to be provided to management and/or the Board of County Commissioners during annual renewal of insurance policies, and attend relevant meetings as requested.
24. Assist in the preparation of Request for Proposals (RFPs), and analyze and provide recommendations regarding other documents containing insurance requirements, workers' compensation and employer liability issues, etc.

25. Assist the County in maintaining and updating schedules of values.
26. Respond to telephone calls from County staff on the same or next business day.
27. Any additional services agreed upon by the County and Broker except for insurance coverage and/or program placements that are extraordinarily dissimilar to what the County is currently purchasing, and placement of which would require significant additional time and/or expense from the Broker. Broker agrees to notify the County in advance when additional commission/compensation will be required, and both parties agree to negotiate the amount of that additional commission/compensation.

Example: Builders Risk Program

EXHIBIT B: Fees

Request for Proposal (RFP) for Lake County Board of County Commissioners

Broker for Risk Insurance Services

Arthur J. Gallagher

Outline Basis of Compensation	% of Premium	Flat Fee
General Liability	8.00%	
Excess Liability	8.00%	
Excess Worker's Compensation Liability	8.00%	
Crime	8.00%	
Excess Property Coverage	8.00%	
Cyber Risks Liability	8.00%	
Boiler & Machinery	8.00%	
Storage Tank	8.00%	
Pollution	8.00%	
Blanket Accident Insurance Coverage - Probation	8.00%	
Statutory AD&D Police (Sheriff) and/or Firefighters Coverage	8.00%	
Total (if Flat Fees)	N/A	\$80,000

Note: There is a 4% annual increase on the Flat Fee.

EXHIBIT C: Disclosures

- A. In addition to such fees provided herein, Broker may also receive investment income on fiduciary funds temporarily held by it, such as premiums or return premiums. Other parties, such as excess and surplus lines brokers, wholesalers, reinsurance intermediaries, underwriting managers, captive managers and similar parties, some of which may be owned in whole or in part by Broker's corporate parent, may earn and retain usual and customary commissions and fees in the course of providing insurance products to clients. Any such fees or commission will not constitute compensation to Broker under Section 4 and Exhibit B. above.
- B. Broker's fees under this Agreement shall be earned on the Effective Date (and any renewal thereof), and payable on invoicing. The Client is responsible for payment of premiums for all insurance placed by Broker on its behalf. If any amount is not paid in full when due, including premium payments to insurance companies, that nonpayment will constitute a material breach of this Agreement that will allow Broker to immediately terminate this Agreement, at its option, without notice to the Client. In addition, and not in lieu of the right to terminate, Broker reserves the right to apply return premiums or any other payment up to \$5,000 received by Broker on the Client behalf to any amounts owed by the Client to Broker unless such return premiums or other payments are disputed by the Client.
- C. Where applicable, insurance coverage placements which Broker makes on the Client's behalf, may require the payment of federal excise taxes, surplus lines taxes, stamping or other fees, to the Internal Revenue Service (federal), various state(s) departments of revenue, state regulators, boards or associations. In such cases, the Client is responsible for the payment of such taxes and/or fees, which will be identified separately by Broker on invoices covering these placements. Under no circumstances will these taxes or other related fees or charges be offset against the amount of Broker's brokerage fees referred to herein.
- D. Broker will not be operating in a fiduciary capacity, but only as the Client's broker, obtaining a variety of coverage terms and conditions to protect the risks of the Client's enterprise. Broker will seek to bind those coverages based upon the Client's authorization, however, Broker can make no warranties in respect to policy limits or coverage considerations of the carrier. Actual coverage is determined by policy language, so read all policies carefully. Contact Broker with questions on these or any other issues of concern.